

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TEL AVIV IMMEDIATE

INFO AMEMBASSY CAIRO IMMEDIATE

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EXDIS

E.O. 11652: GDS

TAGS: TECH, IS, EG

SUBJECT: PROPOSED NUCLEAR AGREEMENTS WITH EGYPT AND

----- ISRAEL

1. BEGIN SUMMARY: IN ANTICIPATION OF DEPARTMENT'S
EXPECTATION THAT PRESIDENT SADAT WILL RAISE THE SUBJECT
OF THE U.S.-EGYPTIAN NUCLEAR ACCORD DURING HIS FORTHCOMING
VISIT, UNDER SECRETARY SISCO CALLED IN ISRAELI AMBASSADOR
DINITZ TO OUTLINE SOME GENERAL NEW CONCEPTS FOR RESOLVING
THE LONG STANDING DIMONA SAFEGUARDS ISSUE WHICH HAS BEEN
PRINCIPAL IMPEDIMENT TO THE CONCLUSION OF NEGOTIATIONS.
PRINCIPAL CONCEPT PRESENTED WAS THAT IAEA SAFEGUARDS
SHOULD APPLY TO FUTURE, BUT NOT PAST PRODUCTION FROM
DIMONA AS WELL AS TO ALL FUTURE FACILITIES AND MATERIALS
RECEIVED FROM WHATEVER EXTERNAL SOURCE. SISCO ALSO OUT-
LINED POSSIBLE ALTERNATIVE OF OUR LIMITING THE SAFEGUARDS

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TO BE APPLIED UNDER THE ARRANGEMENTS WITH EGYPT AND ISRAEL

TO U.S. ASSISTED FACILITIES OR MATERIALS. HOWEVER, HE EXPRESSED DOUBTS WHETHER LATTER FORMULATION WOULD BE ACCEPTABLE TO CONGRESS AND SUGGESTED THAT THE FIRST ALTERNATIVE MIGHT BE THE WAY OUT OF LONG STANDING IMPASSE. DINITZ WAS URGED TO PROVIDE US WITH ISRAEL'S REACTIONS SOONEST SO THAT THESE COULD BE TAKEN INTO ACCOUNT IN SADAT CONVERSATIONS END SUMMARY.

2. SISCO INTRODUCED SUBJECT BY NOTING THAT HE DID NOT KNOW WHETHER IT WOULD BE POSSIBLE TO RESOLVE THE DIFFICULTIES THAT HAD BEEN ASSOCIATED WITH OUR NUCLEAR POWER NEGOTIATIONS WITH ISRAEL AND EGYPT. HOWEVER, IN THE LIGHT OF PRESIDENT SADAT'S IMMINENT VISIT AND OUR EXPECTATIONS THAT SUBJECT WOULD BE RAISED BY GOE, WE FELT OBLIGED TO SEE WHETHER ANY FURTHER PROGRESS COULD BE MADE.

3. SISCO NOTED THAT USG HAD BEEN REVIEWING ITS POLICIES IN THIS REGARD. IT HAS BEEN OUR VIEW THAT THERE SHOULD BE A SUBSTANTIAL IDENTITY IN THE TERMS OF BOTH THE EGYPTIAN AND ISRAELI AGREEMENTS. HOWEVER, THE PRINCIPAL IMPEDIMENT TO THE COMPLETION OF THE NEGOTIATIONS HAS STEMMED FROM THE FACT THAT THE TERMS OF THE TWO PROPOSED AGREEMENTS, EVEN THOUGH COMPARABLE, WOULD HAVE DIFFERENT EFFECTS IN THE TWO COUNTRIES. SPECIFICALLY, THEY WOULD SERVE TO EXCLUDE FROM SAFEGUARDS COVERAGE EXISTING FACILITIES IN BOTH COUNTRIES THUS FREEING THE DIMONA REACTOR FROM SAFEGUARDS WHEREAS EGYPT HAS NO COMPARABLE FACILITY.

4. SISCO NOTED THAT USG HAD FOCUSED ON TWO POSSIBLE WAYS OUT OF THE IMPASSE. ONE POSSIBILITY WOULD BE TO LIMIT THE SAFEGUARDS TO BE APPLIED UNDER OUR ARRANGEMENTS WITH EACH COUNTRY TO U.S. ASSISTED FACILITIES OR MATERIALS. HE NOTED THAT WE ANTICIPATED THAT THERE COULD BE SOME REAL DIFFICULTIES IN MOVING TO SUCH A FORMULATION SINCE IT MIGHT BE VIEWED AS CREATING TOO MANY LOOPHOLES AND PROBABLY WOULD RUN INTO STRONG CONGRESSIONAL CRITICISM. ALSO FROM ISRAEL'S STANDPOINT, THIS OPTION WOULD LIMIT THE SAFEGUARDS TO BE APPLIED TO EGYPT TO THOSE ASSOCIATED

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WITH U.S. ASSISTANCE AND EGYPT, THEREFORE, WOULD BE FREE TO PURCHASE MATERIALS FROM OTHER SUPPLIERS, SOME OF WHOM, IN TIME, MIGHT BE PREPARED TO ACCEPT LESS RIGOROUS CONDITIONS.

5. AS AN ALTERNATIVE TO THE ABOVE, SISCO REPORTED THAT THE USG ALSO HAS GIVEN SERIOUS CONSIDERATION TO A SECOND APPROACH ON WHICH GOI REACTIONS WOULD BE WELCOME. UNDER

THIS ALTERNATIVE THE USG WOULD RETAIN THE PRINCIPLE OF THE CURRENT DRAFT THAT SAFEGUARDS WOULD APPLY TO ALL FUTURE FACILITIES OR MATERIALS RECEIVED FROM EXTERNAL SOURCES. IN ADDITION, HOWEVER, THIS PRINCIPLE WOULD BE EXTENDED TO CALL FOR SAFEGUARDS ON FUTURE PRODUCTION FROM EXISTING FACILITIES. ACCORDINGLY, THIS WOULD MEAN THAT FUTURE, BUT NOT PAST PRODUCTION, FROM DIMONA WOULD BE SAFEGUARDED, AND IN THE U.S. VIEW THE CURRENT DISPARITY PERCEIVED BY EGYPT WOULD BE SOMEWHAT REDUCED. FROM THE

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PRACTICAL POINT OF VIEW, HOWEVER, IT WAS SUGGESTED THAT THE EFFECT ON ISRAEL COULD BE LIMITED, SINCE THE DIMONA FACILITY HAS BEEN IN OPERATION FOR WELL OVER TEN YEARS.

6. SISCO OBSERVED THAT HE BELIEVED THAT THIS SECOND APPROACH WAS FAR MORE LIKELY TO ACHIEVE ACCEPTABILITY IN CONGRESS. HE STRESSED THE FACT, IN THIS REGARD, THAT THE SUBJECT OF PROLIFERATION AND NUCLEAR EXPORTS HAD ENGENDERED A SUBSTANTIAL DEGREE OF EMOTIONALISM ON THE HILL. HE ALSO VENTURED THE OPINION THAT ON THE BASIS OF PRELIMINARY CONVERSATIONS THAT THE U.S. HAD HELD WITH EGYPT, WE FELT THAT THERE WAS SOME CHANCE THAT EGYPT MIGHT FIND THIS APPROACH ACCEPTABLE, ALTHOUGH WE COULD NOT OFFER ANY GUARANTEES IN THIS REGARD. MOREOVER, WE EXPECTED THAT IF ISRAEL AGREED TO SUCH AN APPROACH, EGYPT WOULD REQUEST SOME FORM OF "ACCOUNTING" OF THE PAST DIMONA PRODUCTION THAT WOULD BE EXEMPTED FROM SAFEGUARDS.

7. DINITZ SOUGHT CERTAIN CLARIFICATIONS ON THE DISTINCTION BETWEEN THE TWO ALTERNATIVES AND INQUIRED WHETHER USG HAD DRAFTED ANY LANGUAGE TO REFLECT THE
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SECOND APPROACH. SISCO REPLIED THAT USG HAD NOT, AS YET, DONE SO BUT RATHER WISHED TO SEE HOW GOI VIEWED GENERAL CONCEPT OF INCLUDING FUTURE DIMONA PRODUCTION UNDER SAFEGUARDS, BEFORE PROCEEDING FURTHER. IF PROPOSAL WAS ACCEPTABLE TO GOI, WE WOULD NEED TO SEE IF IT IS SALEABLE TO CONGRESS AS WELL AS TO EGYPT, AND WE WOULD HAVE TO ADDRESS THE QUESTION OF PAST ACCOUNTING DATA.

8. GOI WAS URGED TO PROVIDE DEPARTMENT WITH ITS GENERAL REACTIONS TO CONCEPT ASAP. GOI ALSO WAS ASKED TO ADVISE WHETHER IT WOULD BE POSSIBLE FOR ISRAEL TO PROVIDE SOME ACCOUNTING REGARDING PAST DIMONA PRODUCTION. DINITZ UNDERTOOK TO TRY TO PROVIDE ISRAEL'S REACTIONS BY THE BEGINNING OF THE WEEK OF OCTOBER 20. SISCO NOTED GOI, COULD IF IT WISHED, FIRST PROVIDE DEPARTMENT WITH

ITS GENERAL REACTIONS TO BASIC CONCEPT AND COULD COME BACK LATER AND SEPARATELY ON THE QUESTION OF FEASIBILITY OF PROVIDING SOME ACCOUNTING FOR PAST PRODUCTION.

9. FOR CAIRO: FOR AMBASSADOR: YOU ARE AUTHORIZED TO INFORM FAHMY THAT WE HAVE HIS LATEST PROPOSAL CONCERNING DIMONA UNDER CONSIDERATION AND DO NOT KNOW HOW FAR WE ARE LIKELY TO PROGRESS WITH THIS ISSUE PRIOR TO SADAT VISIT. HOWEVER, IN INTEREST OF SHOWING FORWARD MOTION ON REMAINDER OF MORE SPECIFIC DETAILED ISSUES, USG WOULD BE PREPARED RECEIVE TECHNICAL TEAM IN WASHINGTON, IF THIS

IS AGREEABLE TO GOE. WE UNDERSTAND THAT AN EGYPTIAN TECHNICAL TEAM, INCLUDING EFFAT, WILL BE IN U.S. FROM OCTOBER 20 TO NOVEMBER 4 FOR DISCUSSIONS WITH POTENTIAL REACTOR VENDORS AND GOE MIGHT WISH TO UTILIZE PRESENCE OF T:AM IN U.S. TO RESUME NEGOTIATIONS. SEPTTEL WILL PROVIDE OUR REACTIONS TO FOURTH EGYPTIAN NOTE AND EFFAT LETTER. INGERSOLL

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